



# County of Los Angeles CHIEF EXECUTIVE OFFICE

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WILLIAM T FUJIOKA  
Chief Executive Officer

May 7, 2014

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From: William T Fujioka  
Chief Executive Officer

## SACRAMENTO UPDATE

### Executive Summary

This memorandum provides reports on the following:

- **Status of County-Sponsored Legislation**

- **County-sponsored SB 909 (Pavley)** - related to social workers' authority to approve initial health and mental health screenings for detained children in the dependency system, passed the Senate Judiciary Committee on May 6, 2014.

- **Status of County-Advocacy Legislation**

- **County-supported AB 1596 (Garcia)** - related to Vote-by-Mail applications, passed the Assembly Elections and Redistricting Committee on May 6, 2014.

- **Status of Legislation of County Interest**

- **AB 1873 (Gonzalez)** - related to conducting special elections wholly by mail, failed passage in the Assembly Elections and Redistricting Committee on May 6, 2014, but was granted reconsideration.

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- **AB 2028 (Mullin)** - related to conducting special elections wholly by mail, was amended on April 28, 2014 to apply only to San Mateo County.
- **Legislative Analyst's Office Report: *Film and Television Production: Overview of Motion Picture Industry and State Tax Credits.***

### **Status of County-Sponsored Legislation**

**County-sponsored SB 909 (Pavley)**, which as amended on April 10, 2014, would allow a social worker to authorize a non-invasive initial medical, dental, and mental health screening of a child in temporary custody that is necessary prior to the required initial petition hearing to help meet the needs of detained children in the dependency system, among other provisions, passed the Senate Judiciary Committee with amendments by a vote of 7 to 0 on May 6, 2014.

The amendments approved in committee, which are not yet in print and were necessary to ensure the bill's passage, include: 1) requiring the social worker to first make reasonable attempt to notify the parent that the child taken into temporary custody will be undergoing a non-invasive initial medical, dental, and mental health screening; and 2) further define a non-invasive initial medical, dental or mental health screening to include a review of available health and developmental history, a standard medical review, among other factors, and that physical examinations of children over three years of age shall not require the removal of the child's undergarments and the child shall be provided with a dressing gown if the physical examination reasonably requires the removal of the child's outer clothing. This measure now proceeds to the Senate Appropriations Committee.

### **Status of County-Advocacy Legislation**

**County-supported AB 1596 (Garcia)**, which as introduced on February 4, 2014, would require that Vote-by-Mail applications specify that the only appropriate destination to mail back applications is the county registrar's office, passed the Assembly Elections and Redistricting Committee by a vote of 6 to 0 on May 6, 2014. This measure now proceeds to the Assembly Floor.

### **Status of Legislation of County Interest**

**AB 1873 (Gonzalez)**, which as introduced on February 19, 2014, would allow counties to conduct legislative and congressional special elections wholly by mail, was amended on April 22, 2014. The amendments would:

- authorize local jurisdictions conducting a special election entirely by mail to process vote-by-mail ballots beginning 29 days before the election;
- authorize any jurisdiction in possession of the necessary computer capability to process vote-by-mail ballots on the 10th business day before the election;
- require that on at least one Saturday and Sunday on or after the date that ballots are first delivered to voters, the elections official allow voters to vote at the office of the elections official;
- require that at least one polling place is provided for every 100,000 residents to allow voters to request a ballot on the election day if they need a replacement;
- allow, upon the request of the jurisdiction, the elections official to provide additional ballot drop-off locations and polling places; and
- require that vote-by-mail ballot count results not be released before the close of the polls on the day of the election.

This measure failed passage in the Assembly Elections and Redistricting Committee on May 6, 2014, but was granted reconsideration.

**AB 2028 (Mullin)**, which as introduced on February 20, 2014, would authorize counties to conduct legislative and congressional special elections wholly by mail, was amended on April 28, 2013 to apply only to San Mateo County. This measure passed the Assembly Elections and Redistricting Committee by a vote of 4 to 1 on May 6, 2014, and now proceeds to the Assembly Floor.

### **Legislative Analyst's Office Report on Film Tax Credits**

On April 30, 2014, the Legislative Analyst's Office (LAO) released a report entitled, *Film and Television Production: Overview of Motion Picture Industry and State Tax Credits*, which, according to the LAO, serves as an initial report on the motion picture industry and provides preliminary observations regarding State tax credits provided to the motion

picture industry. In addition to the April 30, 2014, report, the LAO anticipates releasing a more comprehensive report on the economic effects and the administration of the State's film tax credit program in the latter part of 2015, as required under **County-supported AB 2026 (Chapter 841, Statutes of 2012)**.

According to the LAO, the California Film and Television Production Tax Credit (film tax credit) program, established in 2009, provides up to \$100 million annually to film and television productions that qualify for the program. Since its inception, the available tax credits have been awarded via a lottery system, as the number of eligible participants has exceeded the amount of available film tax credits.

The current film tax credit program is scheduled to sunset on July 1, 2017; however, the Legislature has recently introduced proposals that would extend and expand the film tax credit program. These proposals include **County-supported AB 1435 of 2014** and **County-supported AB 1839 of 2014**. AB 1435 would, among other provisions: 1) remove the sunset provisions of the motion picture tax credits; 2) revise the limit on the aggregate amount of motion picture tax credits allocated in a fiscal year; and 3) revise how the credit amount is determined for specified qualified motion pictures. Similarly, AB 1839 would, among other provisions: 1) beginning on or after January 1, 2016, establish qualified motion picture tax credits under the Personal Income Tax Law and Corporation Tax Law for the period of July 1, 2016, through June 30, 2021; 2) extend the scope of the tax credits for a qualified motion picture to the applicable percentage of qualified expenditures up to \$100 million; 3) extend the availability of the tax credits to television pilot episodes and music scoring/editing; and 4) set aside a specific amount of tax credits for independent films and television series that relocate to the State.

As part of its review of the film tax credit program and 2012 data, the LAO found that although California, and Los Angeles County in particular, benefit from a large proportion of the overall number of national film and television production jobs being located within the State (52 percent of the national total located in the State with 94 percent of the State total located in the County), over the last 10 years the State's share of national employment in this industry has steadily declined. Reasons for the decline over the last decade, according to the LAO, include some states offering more attractive subsidies to the industry including cash grants or rebates and the availability of subsidies from foreign countries including Canada and the United Kingdom.

Although the LAO generally views industry-specific tax expenditures, such as film tax credits, as inappropriate public policy because they give an unequal advantage to some businesses at the expense of others and promote unhealthy competition among states, the LAO admits there are reasons for the State to consider continuing the film tax credit

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program. These reasons include: 1) the motion picture industry is a flagship industry in the State; 2) the motion picture industry is a major employer in the State, especially in Los Angeles County; and 3) other states are aggressively competing for this industry through the offering of subsidies/incentives.

Should California continue offering incentives to the film and television industry, the LAO suggests the Legislature consider several key factors when evaluating the various film tax credit proposals. These factors include: 1) understanding that film/television production could decline within the State regardless of film tax credits/subsidies due to unrelated industry factors/variables; 2) responding to other jurisdictions' subsidies could become very expensive in terms of possibly providing film tax credits to all eligible projects; 3) interstate/international competition could result in each state/country trying to outdo one another with their credits/incentives ultimately leading to significant losses for all involved; 4) for State government, the film tax credit does not necessarily pay for itself, as the LAO reports, State's film tax credit returns 65 cents to the State for every one dollar provided in tax credits; 5) subsidizing one industry establishes an awkward precedent that could potentially lead to additional tax credit programs for other industries should states/countries attempt to pry this industry and related companies away from the State; and 6) it will be difficult to evaluate the effectiveness of the film tax credit as there are a number of variables responsible for the success and location of industry-related jobs.

The full LAO report is available at <http://lao.ca.gov>.

We will continue to keep you advised.

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MR:VE:IGEA:ma

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